

**LEUCADIA WASTEWATER DISTRICT**

Minutes of a Regular Board Meeting

February 10, 2016

A regular meeting of the Board of Directors of the Leucadia Wastewater District (LWD) was held Wednesday, February 10, 2016 at 5:00 p.m., at the District Administration Office at 1960 La Costa Ave., Carlsbad, California.

**1. Call to Order**

President Omsted called the meeting to order at 5:00 p.m.

**2. Roll Call**

DIRECTORS PRESENT: Omsted, Hanson, Sullivan, Kulchin, and Juliussen

DIRECTORS ABSENT: None

OTHERS PRESENT: General Manager Paul Bushee, General Counsel Wayne Brechtel, Administrative Services Manager Richard Duffey, Technical Services Manager Robin Morishita, Field Services Superintendent Jeff Stecker, Executive Assistant Tianne Baity, Administrative Services Supervisor Trisha Hill, District Engineer Steve Deering, Field Services Supervisor Marvin Gonzalez, Field Services Technician I Hugo Gonzalez, Field Services Technician I Ryan Rodriguez, Field Services Technician III Todd Amos, Richard Babbe of PFM and Michael Joseph of PFM.

**3. Pledge of Allegiance**

President Omsted led the pledge of allegiance.

**4. General Public Comment Period**

None.

**5. Approval of Agenda**

President Omsted asked the Board of Directors if there were any objections to the approval of the agenda, and seeing none, the Board approved the agenda by the following vote:

Director	Vote
President Omsted	Aye
Vice President Hanson	Aye
Director Sullivan	Aye
Director Kulchin	Aye
Director Juliussen	Aye

**6. Presentations and Awards**

A. Achievement of an individual award – FST Hugo Gonzalez.

GM Bushee introduced Field Services Technician I Hugo Gonzalez stating that Hugo recently received his Water Treatment Operator Grade TI certification from the State Water Resources Control Board. He stated that this is his second award since his employment and he presented background information about Hugo. He noted that Hugo is eligible for a \$500 incentive award under the District's incentive program.

President Omsted presented Hugo with his certificate and the Board of Directors congratulated Hugo for his efforts.

Achievement of an individual award – FST Ryan Rodriguez.

GM Bushee introduced Field Services Technician I Ryan Rodriguez stating that Ryan recently received his Water Treatment Operator Grade TI certification from the State Water Resources Control Board. He stated that this is his third award since his employment and he presented background information about Ryan. He noted that Ryan is eligible for a \$500 incentive award under the District's incentive program.

President Omsted presented Ryan with his certificate and the Board of Directors congratulated Ryan for his efforts.

B. Achievement of an Organizational Objective – CWEA San Diego Section 2015 Collection System Person of the Year and CWEA San Diego Section 2015 Outreach Program of the Year Award.

GM Bushee stated that the District recently received two awards. The first award was presented to Field Services Technician III Todd Amos from CWEA's San Diego Section as their 2015 Collection System Person of the Year. He provided a brief summary of Todd's accomplishments and President Omsted presented Todd with the award.

GM Bushee stated that the District also received the Community Engagement & Outreach Award from CWEA's San Diego Section. This award recognizes Leucadia Wastewater District's "No Wipes Down the Pipes" campaign. GM Bushee stated that under LWD's Incentive Program, employees are eligible for a \$100 incentive for the Community Engagement & Outreach Award.

The Board of Directors congratulated Todd and staff for their efforts.

## CONSENT CALENDAR

### 7. Approval of Board and Committee Minutes

Minutes of the following meetings:

January 12, 2016 Engineering Committee Meeting  
January 13, 2016 Regular Board Meeting  
February 3, 2016 Engineering Committee Minutes

### 8. Approval of Demands for January/February 2016

Payroll Checks numbered 18368-18410; General Checking – Checks numbered 47777-47886.

### 9. Operations Report (A copy was included in the original February 10, 2016 Agenda)

### 10. Finance Report (A copy was included in the original February 10, 2016 Agenda)

### 11. Quarterly Treasurer's Investment Report

This report discloses investments for the quarter ending December 31, 2015.

## 12. Disclosure of Reimbursements

This report discloses travel expense reimbursements for the month of January 2016.

Upon a motion duly made by Vice President Hanson, seconded by President Omsted, and unanimously carried, the Board of Directors approved the consent calendar by the following vote:

Director	Vote
President Omsted	Aye
Vice President Hanson	Aye
Director Sullivan	Aye
Director Kulchin	Aye
Director Juliussen	Aye

## EWA and COMMITTEE REPORTS

### 13. Encina Wastewater Authority (EWA) Reports

- A. EWA Board Report – Meeting was held on January 27, 2016.

Director Sullivan reported on EWA's January 27, 2016 Board meeting.

- B. An Encina Member Agency Manager's Meeting was held on February 2, 2016.

GM Bushee reported on Encina MAM's February 2, 2016 meeting.

### 14. Committee Reports

- A. Engineering Committee (EC) meeting was held on February 3, 2016.

Director Juliussen stated that the EC received project status updates on the Saxony Pump Station Rehabilitation Project, Scott's Valley Pipeline Rehabilitation Project, and the Leucadia (L1) Force Main West Section Replacement Project. He stated that staff would provide an update of the Gravity Pipeline Repair Priority List later in the agenda.

- B. Investment & Finance Committee meeting was held on February 9, 2016.

Director Hanson reported that staff presented the Annual Review of LWD's Reserve Policy and is not recommending any changes. The committee concurred with staff to recommend that the Board of Directors to receive and file the annual review of the reserve policy. The Committee also received an update on the Comprehensive Financial Plan Tracking.

These items will be reviewed by the Board of Directors later in the agenda.

## ACTION ITEMS

### 15. Gravity Pipeline Repair Priority List Procedure

FSSup Gonzalez presented an update of the Gravity Pipeline Repair Priority List (RPL) procedure. He explained how the procedure has been implemented within the Field Services department. He

stated that the Field Services Technicians like the process because it utilizes their Closed Circuit Television (CCTV) work to develop the capital improvement project for gravity pipeline rehabilitation, repair and replacement. FSSup Gonzalez stated how the RPL procedure has reduced Sewer System Overflows (SSOs) since its implementation.

FSSup Gonzalez said that prior to implementation of the RPL process the field services staff had little input on CIP projects.

President Omsted asked how fast does the CCTV travel through the pipes and what the differences are between the small, medium, and large cracks in the sewer system. FSSup answered his questions.

The Board was pleased with the report and there was no action taken.

#### **16. California Asset Management Program (CAMP) Individual Portfolio Program Status Report**

President Omsted presented the item introducing Mr. Richard Babbe with PFM to provide the Board with LWD's CAMP Individual Portfolio Program Status Report.

Mr. Babbe presented an overview of the economy, market trends and status of the CAMP Individual Portfolio. He indicated that the portfolio has been managed in a prudent and safe manner over the past year based on actual and expected interest rates even though conditions have changed in the investment environment. He stated that before it was expected that interest rates would trend up through 2016. However, the concern now is uncertainty in the global market and interest rates may stay low for an extended period.

In addition, he provided a brief summary of the LWD's CAMP portfolio indicating that small modifications have been made in the CAMP portfolio. He stated that the portfolio is well diversified and has good credit quality and that the portfolio yields are lower but have more liquidity.

Director Kulchin asked if the overall value of our investments has dropped. Mr. Babbe explained that the market value went down from expenditures not from market value depreciation and the impact on the District is minor.

Director Kulchin also asked what's the general figure made on our investments. Mr. Babbe explained it is about 60-70 basis points or .7%.

The Board thanked Mr. Babbe for his time.

This item was informational and no action was taken.

#### **17. Resolution No. 2270 Authorizing Investment of Monies in the Local Agency Investment Fund (LAIF)**

Adopt Resolution No. 2270 - Authorizing Investment of Monies in the Local Agency Investment Fund (LAIF)

ASsup Hill presented this item stating with the recent retirement of previous ASM LeMay, the resolution requires an update authorizing new ASM Duffey to deposit and withdraw funds from LAIF.

Following discussion, upon a motion duly made by Director Kulchin, seconded by Vice President Hanson, and unanimously carried, the Board of Directors adopted Resolution No. 2270 -

Authorizing Investment of Monies in the Local Agency Investment Fund (LAIF) by the following vote:

<b>Director</b>	<b>Vote</b>
<b>President Omsted</b>	Aye
<b>Vice President Hanson</b>	Aye
<b>Director Sullivan</b>	Aye
<b>Director Kulchin</b>	Aye
<b>Director Juliussen</b>	Aye

**18. Resolution No. 2271 Updating and Revising Leucadia Wastewater District's Conflict of Interest Code**

Adopt Resolution No. 2271 - Updating and Revising Leucadia Wastewater District's Conflict of Interest Code

ASsup Hill presented this item stating that staff and the GC Brechtel recently reviewed and determined that an amendment to designated positions listed in Appendix A are required. The specific change includes adding the Administrative Services Supervisor designation and removing the Environmental Consultants designation.

Following discussion, upon a motion duly made by Director Sullivan, seconded by Director Kulchin, and unanimously carried, the Board of Directors adopted Resolution No. 2271 - Updating and Revising Leucadia Wastewater District's Conflict of Interest Code by the following vote:

<b>Director</b>	<b>Vote</b>
<b>President Omsted</b>	Aye
<b>Vice President Hanson</b>	Aye
<b>Director Sullivan</b>	Aye
<b>Director Kulchin</b>	Aye
<b>Director Juliussen</b>	Aye

**19. Annual Review of LWD Reserve Fund Policy**

Receive and file the Annual Reserve Policy Review Report.

ASM Duffey presented the subject recommendation indicating the purpose of the policy and that it was last revised in February 2014. He noted that the policy calls for an annual review by the Board of Directors. He noted that staff has reviewed the policy and is not recommending any changes to it.

ASM Duffey also provided an overview of the District's reserve balances for fiscal year ending June 30, 2015.

Director Juliussen asked what is the current annual budget. GM Bushee stated that it is \$6.1 million on the wastewater side and \$6.3 million if you include wastewater recycling.

Director Juliussen also asked questions regarding the Operation Reserve. ASM Duffey answered his questions.

Following discussion, upon a motion duly made by Director Sullivan, seconded by Director Juliussen, and unanimously carried, the Board of Directors received and filed the Reserve Policy Annual Report by the following vote:

<b>Director</b>	<b>Vote</b>
<b>President Omsted</b>	Aye
<b>Vice President Hanson</b>	Aye
<b>Director Sullivan</b>	Aye
<b>Director Kulchin</b>	Aye
<b>Director Juliussen</b>	Aye

## **20. Comprehensive Financial Plan Tracking Update**

ASM Duffey presented the item noting that the IFC reviewed it during their February 9th meeting. ASM Duffey noted that tracking and updating the Financial Plan is a Tactical Goal. He provided an overview the Comprehensive Financial Plan tracking.

He concluded that the District's finances remain strong, while maintaining low rates. The District is tracking well with the Financial Plan and that staff will continue to monitor the District finances with the Comprehensive Financial Plan.

Director Kulchin asked if there is any reason to revisit the 3 years on 3 years off rate increase. ASM Duffey explained we are in the second year of a three year increase and stated that this could be revisited when we do the next financial plan. GM Bushee added that the Financial Plan is tracking in a favorable way and hopefully the District can exceed plan targets and potentially go 3 years on 4 years off or 3 years on 5 years off if the District continues to move in the right direction.

This item was informational and no action was taken.

## **21. Discussion of LWD Management Consulting Services**

GM Bushee Stated that this item is a follow up to January's Board discussion. GM Bushee provided an overview of the fees listed in the January demands to Confidence Consulting Services (CCS). He stated that the services provided for the associated fees included All Hands Teambuilding Session, Management Team Coaching, and the Employee Satisfaction Survey.

GM Bushee explained that the Board of Directors executed a retention agreement with CCS in 2012. He stated that last year Board members expressed concern with the retention component of the agreement. As a result, in late May 2015 staff informed the Board that the retention agreement would be terminated and staff would utilize CCS in a task based approach within the General Manager's signature authority. A 30 day written notice to terminate was provided to CCS in June 2015.

GM Bushee noted that that the District has spent approximately \$27,000 in fees. The fees are within the Fiscal Year 2016 Budget amount for these services.

Vice President Hanson expressed concern over the fees paid to CCS. She stated that she felt the District could do the Employee Satisfaction Survey on their own without using CCS.

Director Sullivan stated the average person can't administer surveys on their own noting that surveys are very carefully crafted. She explained that the education level, experience, and knowledge that Jeff Bills brings has benefited the District and made a huge difference in the organization.

Director Kulchin expressed his concern over the use of rate payers money stating that the District is a well run agency with a terrific team and manager. He proposed giving the General Manager a limit of \$15,000 to be used for Confidence Consulting Services.

Director Juliussen expressed his concerns with using CCS. He stated that he felt the surveys should remain anonymous instead of being on a one to one basis. He also requested to see the survey results. Director Juliussen indicated that he believes it's the GM's decision to use CCS but he agreed with Director Kulchin on a proposed budget limit.

President Omsted stated that over the years he has watched the District team change for the better and paying .5% of the budget to CCS is a small amount to pay for a great team.

Director Sullivan agreed with President Omsted and stated that she trusts the GM's decisions.

GM Bushee explained to the Board the benefits of using CCS indicating that Jeff Bills provides an outside perspective. He also provided the training budget versus the overall budget.

Director Kulchin recommended that the District continue the task based approach within the General Manager's signature authority. He withdrew his suggestion of the budget cap and asked that the GM use prudence when making decisions requiring CCS. The Board reached consensus with Director Kulchin's recommended approach.

There was no action taken.

## INFORMATION ITEMS

### **22. Project Status Updates and Other Informational Reports**

A. CSDA Quarterly Dinner Meeting is scheduled for Thursday, February 18, 2016 at The Butcher Shop Steakhouse in Kearny Mesa.

- GM Bushee stated he will not be able to attend as he will be attending the CASA D.C. Conference, however, ASM Duffey and TSM Morishita will be attending. A carpool will leave the District office at 5:30 p.m.

### **23. Directors' Meetings and Conference Reports**

A. The CASA 2016 Winter Conference was held on January 20 – 22, 2016 at the Hilton in Palm Springs, CA.

Vice President Hanson stated that the CSRMA session was excellent and that she enjoyed the session on insurance and cyber security. She stated she also enjoyed the round table session.

President Omsted asked if we had a plan for major emergencies. TSM Morishita stated that LWD's major emergency plan is called the Hazardous Mitigation Plan.

Director Sullivan noted that she thought it was one of the best CASA conferences she has ever attended.

#### **24. General Manager's Report**

GM Bushee reported on the following items:

- A Special Board Meeting is scheduled for Tuesday, February 16, 2016 at 10 a.m. to discuss the status of LWD's Recycled Water Program.
- He will be attending the CASA Washington, D.C. Conference February 22-24, 2016 and TSM Morishita will be the acting GM in his absence.
- An "Active Shooter" training session for staff with Police Chief DiMaggio of Palomar College is scheduled to be held March 10, 2016 at 8 a.m. at the District office.
- Encinitas School District will have a tour for 5<sup>th</sup> and 6<sup>th</sup> grade students at the District Facilities on Wednesday, March 16, 2016.

#### **25. General Counsel's Report**

GC Brechtel reported that he attended the Attorney Committee Meeting at the CASA Conference and he reported on the following items:

- Senate Bill 163 – Senator Hertzberg's proposed wastewater discharge requirements; and
- HR 3353 – Representative Hunter's proposed amendment to the Federal Water Pollution Control Act to limit attorney fees and penalties in citizen suits, and for other purposes

#### **26. Board of Directors' Comments**


Director Juliussen thanked the GM Bushee for doing a great job.

Director Sullivan noted that yesterday at the EWA PFC Meeting the topic of citizen lawsuits was discussed.

President Omsted thanked GM Bushee for assisting him on the wastewater presentation he gave to Sea Crest Village.

#### **27. Adjournment**

President Omsted adjourned the meeting at 6:58 p.m.



Paul J. Bushee  
Secretary/General Manager  
(SEAL)



Donald F. Omsted  
Don Omsted, President